

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

BASRAH CUSTOM DESIGN, INC.,

Appellant,

Case No. 19-cv-11985

Hon. Matthew F. Leitman

v.

DANIEL M. McDEROTT, UNITED STATES
TRUSTEE and MJCC 8 MILE, LLC,

Appellees.

ORDER STAYING BANKRUPTCY APPEAL

In this appeal, Debtor-Appellant Basrah Custom Design, Inc. appeals several orders of the bankruptcy court, including an order dismissing Basrah's bankruptcy action. (*See* Notice of Appeal, ECF No. 1.) Those orders rest in large part on factual finding and conclusions of law made by a state trial court in related state-court litigation. The bankruptcy court gave those findings and conclusions preclusive effect and made its decisions, in large part, based on those findings and conclusions. Basrah is now pursuing an appeal of the state trial court's ruling in the Michigan Court of Appeals.

As a technical matter, the state trial court's ruling is entitled to preclusive effect even while on appeal. *See Taleb v. Kramer*, 543 B.R. 551, 560 (E.D. Mich. Bankr. 2015) ("Under Michigan law, collateral estoppel/issue preclusion applies to a final judgment even when the judgment is pending on appeal or the time for appeal has not

expired”). However, for the reasons explained in detail on the record during the Court’s colloquies with counsel at the February 19, 2020, hearing on Basrah’s appeal, the Court concludes that it may potentially benefit significantly from a decision by the Michigan Court of Appeals further addressing the state trial court’s findings and conclusions.

Accordingly, for the reasons stated above, and the reasons stated on the record at the February 19, 2020, appeal hearing, this action is **STAYED** pending the Michigan Court of Appeals’ ruling on Basrah’s appeal of the state trial court’s ruling relied upon by the bankruptcy court. The parties are **DIRECTED** to file a copy of the Michigan Court of Appeals’ ruling on Basrah’s appeal on the docket in this action as soon as that decision is made available. The Court will thereafter convene a telephonic status conference to discuss next steps in this action.

IT IS SO ORDERED.

s/Matthew F. Leitman
MATTHEW F. LEITMAN
UNITED STATES DISTRICT JUDGE

Dated: February 24, 2020

I hereby certify that a copy of the foregoing document was served upon the parties and/or counsel of record on February 24, 2020, by electronic means and/or ordinary mail.

s/Holly A. Monda
Case Manager
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